

Title: Retailer Peer Grouping

Purpose

The placement of retailers in “peer groups” allows for monitoring of retailer pricing.

Authority

7 CFR 246.12(g)(4)(ii)

Policy

It is the policy of the Montana WIC Program to assign WIC-authorized retailers to a specific “peer group.” “Peer groups” are determined by statistical similarities shared by retailers throughout the state.

I. Peer groups in Montana

- A. Montana WIC peer groups are based on geographic location, ownership type, WIC sales and square footage.
- B. Competitive pricing is ensured by reviewing a new retailer applicant’s price survey, using it to place a retailer in a peer group, and then comparing the new retailer’s prices to others in that peer group. If a retailer’s prices are not consistent with those of their peer group, placement will be reviewed and investigated.
- C. Benefits with redemption errors will be rejected by the bank if the peer group maximum price is exceeded. Benefits that exceed the maximum price will be reviewed and investigated.
- D. Retailers will be notified of peer group criteria and placement upon authorization and if placement should be changed.

II. Factors of Peer Group Placement

- A. Factors used to determine peer group placement may be modified periodically to achieve a more accurate grouping.

III. Retailer Peer Grouping

- A. Federal regulations mandate that all State agencies maintain peer groups which foster competitive pricing and price limitations. Peer groups allow statistically similar retailers with similar pricing to be banded together.

IV. Review

- A. New retail applicants will be reviewed for peer group placement at time of authorization and at 6 months.
- B. All authorized retailers will be reviewed for peer group accuracy every three years.
- C. Peer groups will be modified as necessary to enhance system performance. Any changes of peer group will be documented in the retailer’s file.

V. Peer Group Average Food Prices

- A. Price surveys will be conducted every six months to monitor trends and to determine ongoing competitiveness within the peer groups.

- B. Item prices will be averaged within a peer group to determine the peer group average price. An allowable % is added to the average price to determine the maximum allowable reimbursement level.